Fleet Vehicles Agency

A Special Operating Agency within
Manitoba Infrastructure and Transportation

2007/08
Annual Report

FLEET
VEHICLES AGENCY

REPORT FOR THE YEAR ENDED MARCH 31, 2008

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Fleet Vehicles Agency is a Special Operating Agency
within Manitoba Infrastructure and Transportation

Letter from the Minister

MINISTER OF INFRASTRUCTURE
AND TRANSPORTATION

Room 235
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

June 27, 2008

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour

I have the privilege and pleasure to present, for the information of Your Honour, the Annual Report of Fleet Vehicles Agency (*FLEET*) for the year ended March 31, 2008.

This Report marks the completion of *FLEET*'s 74th year of operations within the provincial framework, the first 58 of which were in a branch format, with *FLEET* known during the majority of that period as the Central Provincial Garage.

When *FLEET* was established as a Special Operating Agency (SOA) in 1992, it was the first SOA in Canada at the provincial level. During the 16 years between then and now, it has served as a model for the other 17 SOAs currently operating within the Province and for alternative service delivery across the country.

FLEET's operating performance continues to be one in which we are all justifiably proud.

Respectfully submitted,

Ron Lemieux
Minister Responsible for
Fleet Vehicles Agency

Letter from the Associate Deputy Minister

Manitoba

Infrastructure and Transportation
Associate Deputy Minister's office
300 - 215 Garry
Winnipeg MB R3C 3Z1
T 204-945-3887 F 204-945-1857

June 27, 2008

Honourable Ron Lemieux
Department of Infrastructure and Transportation
Minister Responsible for Fleet Vehicles Agency
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Lemieux:

I am very pleased to submit for your review and consideration the Annual Report of Fleet Vehicles Agency (*FLEET*) for the year ended March 31, 2008.

FLEET continues to be diligent in addressing the Province's Sustainable Development Procurement Guidelines. At year-end, its fleet included 36 hybrid-electric vehicles and 418 E85s (vehicles that run on regular gasoline, or on a combination of gasoline and up to 85% ethanol), with a further 20 hybrid-electric and 43 E85 model year 2008 vehicles on order and scheduled to arrive early in 2008/09.

Once again, on behalf of departmental management, I would like to thank *FLEET*'s management and staff for their continued commitment and dedication. We are all very pleased with the Agency's success over its 16 years as a Special Operating Agency.

Respectfully submitted,

Paul Rochon
Associate Deputy Minister of Infrastructure and Transportation and
Chairperson of the Fleet Vehicles Agency Advisory Board

Manitoba
spirited energy

Chief Operating Officer's Message

FLEET VEHICLES AGENCY

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Winnipeg MB R3A 1P7
Tel (204) 945-0275 Fax (204) 957-1109

June 27, 2008

To the Many Stakeholders of Fleet Vehicles Agency (*FLEET*)

As is the case each year, the 2007/08 year at *FLEET* included many activities and events, some "business as usual" and some relatively new to the scene. A few of the more significant ones follow:

A total of 28 hybrid-electric and 122 E85 model year 2008 vehicles were ordered during the year for lease to customers, surpassing the numbers in each category purchased annually in previous years.

Seven Multi-Purpose Activity Buses were ordered during the year to replace 15 passenger vans leased to, or owned by, Frontier School Division.

Initial steps were taken towards greater standardization of most categories of vehicles.

Arrangements were made to remove the cost of fuel from *FLEET*'s variable billing rates effective April 1, 2008. Fuel costs are now being billed on a monthly basis to each customer, thereby making fuel usage per vehicle the responsibility of each customer.

FLEET reported actual net earnings for the year that exceed projected net earnings, thereby enabling the Agency to make its $1,500,000 revenue sharing payments to the Consolidated Fund and also contribute additional funds towards the carrying value of its capital assets.

Probably the most significant event affecting *FLEET* occurred just after the completion of its 2007/08 year. It was announced by departmental management on May 12, 2008, that it is the intention to amalgamate the Agency (light duty vehicles) and the Mechanical Equipment Services Branch (heavy duty vehicles and equipment) of Infrastructure and Transportation into a new Special Operating Agency (SOA) effective April 1, 2009. If all goes according to plan, the announcement means that *FLEET* is currently in its final year of operations, at least in its present format. It also means that the attention of *FLEET*'s management and staff in 2008/09 will be focused on ensuring that the Agency is ready for operational and financial integration into the new SOA.

I would be remiss if I did not once again take this opportunity to extend my appreciation to the management and staff at *FLEET*, and to our numerous stakeholders, clients and partners. The many successes that *FLEET* has enjoyed over the years would not be possible without the contributions that have been made and the team effort exhibited by all concerned.

A W Franchuk

Al Franchuk
Chief Operating Officer

Profile of Fleet Vehicles Agency

Fleet Vehicles Agency (*FLEET*) has one of the larger single fleets of vehicles in Manitoba and, as an agency within Infrastructure and Transportation, its main clients are the departments, agencies and Crown corporations of the provincial government. As a supplier of complete vehicle and equipment management services, *FLEET* is continuing, however, to explore opportunities to provide services to broader public sector organizations throughout the province.

Mission Statement

"We are committed to provide our clients with a complete range of quality fleet management services to assist in the efficient delivery of public programs."

The fleet currently consists of more than 2,900 units including trucks and heavy equipment (57%), vans and buses (24%), sedans (11%), ambulances (6%) and truck attachments (2%) operating from locations throughout the province. Annual distance travelled by the fleet approximates 61 million kilometres and annual fuel consumption for vehicles owned and managed now exceeds 11 million litres.

FLEET assumed organizational responsibility for Radio Services as of April 1, 2003, with that division's technicians responsible for the servicing of existing radio base stations in areas where cellular phone service is not currently available, and for the evaluation, installation, repair and maintenance of two-way radios used by its provincial and other clients in those areas.

Vision Statement

"To provide all vehicle and equipment management services to the broader public sector."

FLEET's Mission and Vision statements are reviewed regularly to ensure that they portray what management thinks the Agency's main reason for being is, and what management envisions for the Agency.

Products and Services

Over the past 74 years, *FLEET* has developed a range of products and services to meet the needs of its provincial government clients. Services fall into three main groups: Vehicle and Equipment Services, Fleet Management Services, and Radio Services.

Vehicle Services include leases, long-term rentals, short-term (daily) rentals, and vehicle insurance and registration. Fleet Management Services cover a whole range of services including a *FLEET* credit card for fuel purchases, repair authorizations, a preventive maintenance program, an invoice payment service, a taxable benefit program, and a complete history of cost, maintenance and distance for each vehicle. Together, these two groups of services constitute the vehicle Full Service package recommended by *FLEET*. Since the start of the 2003/04 year, *FLEET* has also offered the services of its Radio Services Division.

FLEET's employees provide complete fleet administration support and vehicle maintenance to clients from a central Winnipeg administration office and full service repair facility. Throughout 2007/08, the Agency's staff used the valuable information collected and stored by Keys™, the Agency's Fleet Management Information System, to assist customers in analyzing aspects of their vehicle costs and to provide detailed billing data tailored to each customer's specific needs.

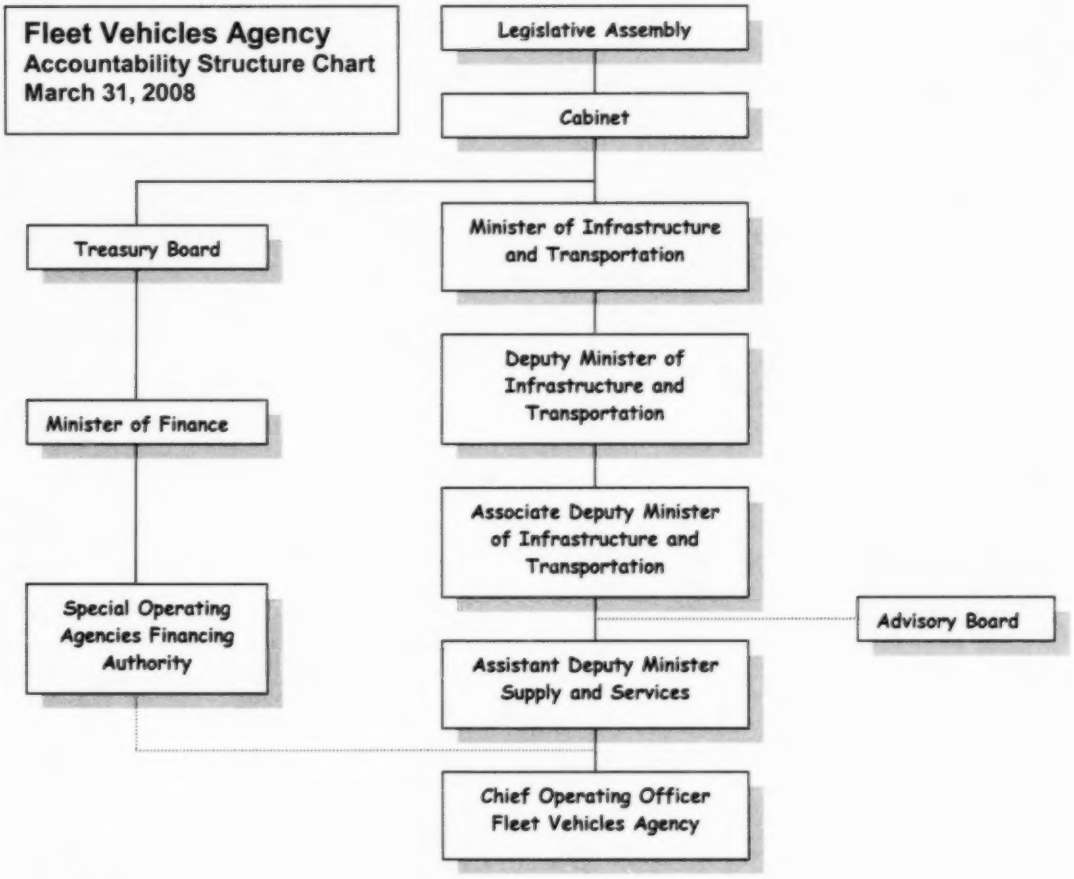
Structure for Operations

Accountability Structure

As an organization within Manitoba Infrastructure and Transportation, *FLEET* reports directly to the Assistant Deputy Minister, Supply and Services, and is held accountable to the Associate Deputy Minister, Deputy Minister, and Minister of Infrastructure and Transportation for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities. Governance and accountability are substantiated by *FLEET*'s compliance with its Operating Charter, Transfer Agreement, Management Agreement, applicable General Manual of Administration policies, and by The Special Operating Agencies Financing Authority Act. Financial and operational information and requirements are disseminated to and from Treasury Board through a SOA Coordinator at Treasury Board Secretariat.

The Accountability Structure Chart presented below outlines the current structure.



Advisory Board

The Advisory Board for Fleet Vehicles Agency meets as required to review the Agency's financial and operating reports, the draft Business Plan, and any proposed changes to the Agency's Charter. The Board's members offer advice and direction on reporting and management issues of concern, and on short and long term strategic planning.

Members of the *FLEET* Advisory Board as of March 31, 2008, are listed below.

Members of the Advisory Board for Fleet Vehicles Agency

CHAIR	***Paul Rochon*** *Associate Deputy Minister* Manitoba Infrastructure and Transportation	
MEMBERS *Private Sector Representative*	***Position vacant***	
Client Representatives	***Fred Meier*** *Assistant Deputy Minister* Manitoba Conservation	***Kim Sharman*** *Assistant Deputy Minister* Manitoba Health and Healthy Living
Ex Officio	***Tracey Danowski*** *Assistant Deputy Minister* Manitoba Infrastructure and Transportation	***Al Franchuk*** *Chief Operating Officer* Fleet Vehicles Agency
Staff Representative	***Andy Chartrand*** *Environment and Program Analyst* Fleet Vehicles Agency	

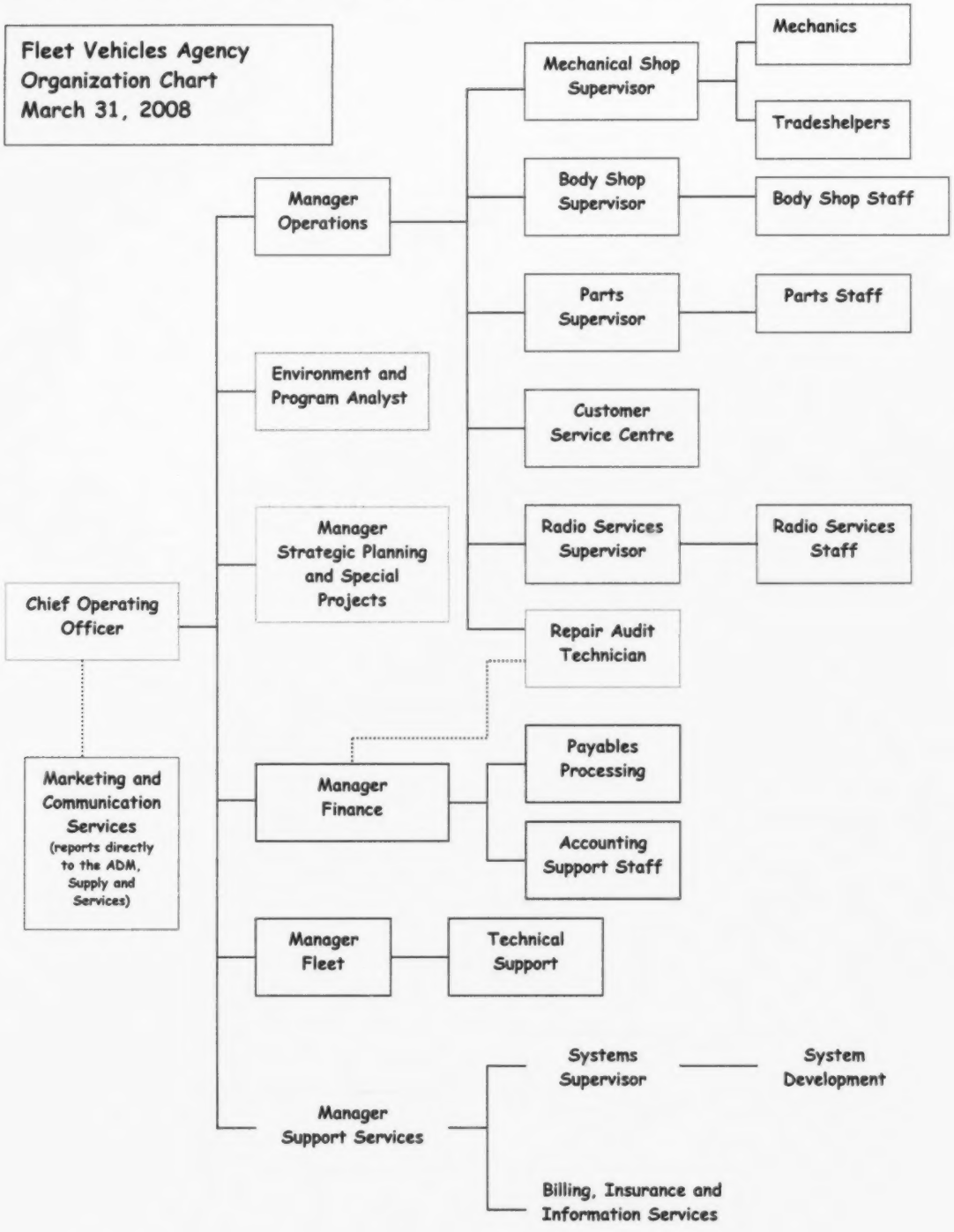
Organization Chart

FLEET's records show 63 employees as of March 31, 2008, 59 in regular positions and four in term positions. For the four indicated in term positions, all actually occupy regular positions. The majority of new employees at *FLEET* are hired as term employees for at least the first six months of their tenure. Although *FLEET*'s records indicate regular and term status, all employees are shown in the provincial payroll records as occupying Full Time Employee (FTE) numbers. Those payroll records indicate that *FLEET* has a total of 68 available FTE positions.

In January 2001, Treasury Board approved delegated authority for the Agency to manage its staff complement independently, without prior Treasury Board approval, which means that the *FLEET* management can engage incremental staff as business circumstances dictate. This delegated authority is reviewed annually by Treasury Board as a part of their review of each year's Portfolio Review and Business Plan.

Early in 2007/08, retroactive to April 1, 2007, the Manager Marketing position (together with the Marketing positions at the two other agencies in Infrastructure and Transportation) were grouped together into a separate service function that will provide marketing services to all three agencies, with the group reporting directly to the Assistant Deputy Minister, Supply and Services.

The Organization Chart presented below reflects the reporting and working relationships that have developed at *FLEET* in the years since becoming a Special Operating Agency.



The Public Interest Disclosure (Whistleblower Protection) Act

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service, and strengthens protection from reprisal. *The Act* builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under *the Act* may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement; or, knowingly directing or counseling a person to commit a wrongdoing. *The Act* is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with *the Act*, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under *the Act*, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under *the Act*, and must be reported in a department's annual report in accordance with Section 18 of *the Act*.

The following is a summary of disclosures received by the Department of Infrastructure and Transportation – Fleet Vehicles Agency during the 2007/08 fiscal year:

Information Required Annually (by Section 18 of *the Act*)	**2007/08 Fiscal Year**
The number of disclosures received, and the number acted on and not acted on. *Subsection 18(2)(a)*	**NIL**
The number of investigations commenced as a result of a disclosure. *Subsection 18(2)(b)*	**NIL**
In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no corrective action was taken. *Subsection 18(2)(c)*	**NIL**

Operating Objectives and Results

Each year, the management and staff at *FLEET* identify key objectives in the preparation of the Agency's annual Business Plan that are considered important to its continuing success. The categories into which these objectives fall during 2007/08 are highlighted below. The goals and objectives are monitored by management on a regular basis during each year through a detailed step-by-step performance framework that is called The *FLEET* Plan.

Highlights of *FLEET*'s progress in meeting the performance targets that were included as a part of its 2007/08 Business Plan are provided below within each category.

Working Towards a *FLEET*/MES Consolidation

Discussions and meetings towards the possible consolidation of *FLEET* (light duty vehicles) and the Mechanical Equipment Services Branch (MES) of Infrastructure and Transportation (heavy duty vehicles and equipment) date back to at least March 2000. Working towards the actual consolidation has been an objective of *FLEET* in its Business Plans for the past several years. More recent events that work towards the possible consolidation include the following:

- The 2007/08 Estimates Review Minutes in January 2007 directed "the Agency, in conjunction with the Department of Infrastructure and Transportation, to return to Treasury Board by September 30, 2007 with a report on the financial and regional impacts of rationalizing Mechanical Equipment Services equipment and consolidating operations into a single agency". The prepared report was reviewed by departmental management and delivered in November 2007 to Treasury Board Secretariat. The report summarized the steps that have been taken, or are contemplated to be taken, towards the consolidation of the two operations.

- In response to the November 2007 report, the 2008/09 Estimates Review Minutes directed "the Agency, in conjunction with the Department of Infrastructure and Transportation, to return to Treasury Board by September 30, 2008 with a report on further action, timing and financial implications of amalgamating Fleet Vehicles Agency and Mechanical Equipment Services Branch into a single operating agency".

- Although the required report to Treasury Board still needs to be prepared, it was announced by departmental management on May 12, 2008, that it is the intention to amalgamate *FLEET* and MES into a new Special Operating Agency as of April 1, 2009. Procedures and steps are underway in June 2008 to work towards operational and financial integration by the scheduled date.

Taking Care of Business

Adhering to an established vehicle replacement schedule is one of the most important aspects of successful fleet management. That principle goes hand in hand with ensuring that customers are ordering the right vehicles and equipment to meet the requirements of the job. During 2007/08, *FLEET*'s staff continued to work towards the accomplishment of these two basic tenets.

Rates are established annually at *FLEET* that are designed to recover all costs and expenses, pay the projected revenue sharing amount to the Consolidated Fund, and provide a contribution towards the ever-increasing carrying cost of *FLEET*'s capital assets.

Steps towards the meeting of specific objectives in 2007/08 included the following:

- Based on a draft paper provided to Treasury Board Secretariat in October 2007 suggesting that *FLEET*'s focus may change from that of a vehicle and equipment fleet *leasing* agency to that of a vehicle and equipment fleet *management* agency, the 2008/09 Estimates Review Minutes in January 2008 directed "the Agency to return to Treasury Board by September 30, 2008 with a detailed report on the changes to its mandate that specifies change in responsibilities of the Agency and implications to the Agency's clients".

  Proposed changes in the October 2007 paper include a move to standardization of most categories of vehicles (excluding the category of executive vehicles that are provided under separate guideline), the optimization of vehicle life cycles (distance and age will dictate vehicle replacement), the provision of the right vehicle to meet the requirements of the job, and the awarding of purchase orders that consider fuel economy as well as price.

  It is anticipated that the proposed changes will assist *FLEET* in making ground transportation decisions that are financially optimal for the Province.

- Because of the volatility of world fuel prices, and the effects that significant increases or decreases in fuel prices at the pumps have on *FLEET*'s variable rates, it was decided during 2007/08 to exclude fuel from the variable rate calculations for all vehicle assignments other than short term rentals, effective April 1, 2008.

  Instead of including fuel in the variable rates, fuel costs are now being accumulated by unit and billed separately by *FLEET* on a monthly basis to each departmental customer. As such, this change makes fuel usage for each vehicle a departmental responsibility.

  As a result of this decision, the 2008/09 Estimates Review Minutes directed "the Agency to return to Treasury Board by September 30, 2008 with a report advising on customer reaction and concerns to direct customer billing for fuel costs".

Promoting Energy-Related Opportunities

A core priority in *FLEET*'s 2007/08 Business Plan was to continue to work towards increasing awareness of the government's Sustainable Development Procurement Guidelines with customer and prospective customer vehicle coordinators and drivers. Results in meeting this objective include the following:

- Hybrid-electric vehicles have been offered to clients as new or replacement vehicles in their programs for the past six to seven years. As of March 31, 2008, the fleet contained 36 hybrids, with 35 assigned to departments and one in the short term rental pool. A total of 28 model year 2008 hybrid-electric vehicles (17 Ford Escape, one Toyota Prius, nine Toyota Camry, and one Chevrolet Malibu) were ordered during the third and fourth quarters of 2007/08, with 20 of the ordered units scheduled to arrive subsequent to March 31, 2008. With the arrival of the 20 units during the first part of 2008/09, the fleet will include 56 hybrid-electric vehicles.

- *FLEET*'s 2007 Vehicle Ordering Guide highlights vehicles that are available with E85 capabilities (vehicles that are able to run on regular gasoline, or on a combination of gasoline and up to 85% ethanol), as well as other alternate and flexible fuel models that may be ordered. The Agency's Environment and Program Analyst formally and informally meets with customers for consultation on E85s and other alternate fuelled vehicles. As of March 31, 2008, the fleet included 418 E85 vehicles—mostly vans and

sedans, but also trucks, SUVs and Suburbans. A total of 122 model year 2008 E85 vehicles (62 trucks, 38 minivans, 12 full size vans, eight sedans, and two SUVs) were a part of the vehicle purchase order placed during 2007/08, with 43 of the ordered units scheduled to arrive subsequent to March 31, 2008.

Advancing New Market Opportunities

Over the past several years, representatives from Marketing Services have attended and made presentations at conferences and tradeshows for school division organizations including the Manitoba Association of School Board Officials, Manitoba Association of School Trustees, and Manitoba Association of School Superintendents. In addition, the Agency has made presentations to, or tendered on the replacement of school buses for, several school divisions.

As with school divisions, *FLEET* has had expressions of interest from time to time from various municipalities. Those expressions of interest primarily relate to trucks, vans and sedans, but have also extended to fire trucks and other specialty vehicles. Representatives from Marketing Services have attended the Association of Manitoba Municipalities tradeshows for the past several years.

At the tradeshows, and as follow-up to those shows, *FLEET* has been targeting school division and municipal decision-makers to present the Agency's services and benefits to them. *FLEET* has also made sure that they are aware of the Agency's ambulance and other specialty vehicle capabilities, as well as the various services that *FLEET*'s repair facility can provide to them.

With *FLEET*'s assistance, the Radio Services staff has been marketing the FleetNet mobile radio services to emergency services operations in rural Manitoba municipalities. *FLEET*'s aspiration is to piggyback on this opportunity to approach key people in the municipalities to also market *FLEET*'s products and services.

In connection with specific objectives from *FLEET*'s 2007/08 Business Plan:

- An objective for the past several years has been to lease school buses to one or more school divisions in Manitoba. Although a 78 passenger school bus was purchased for lease to Frontier School Division in 2003/04, no other school buses were purchased and leased through 2007/08. However, as a result of a 15 passenger van accident in January 2008 in New Brunswick and the publicity that accident received in connection with the instability of 15 passenger vans under certain road and driving conditions, seven Multi-Purpose Activity Buses were ordered in 2007/08 for lease to Frontier School Division to replace its 15 passenger vans, with those buses arriving at *FLEET* during the first quarter of 2008/09.

- As with school buses, an objective for the past several years has been to provide full fleet management services to rural municipalities in Manitoba. Although interest has been expressed by several municipalities, and limited business has resulted, meeting this objective has proven difficult. During 2007/08, however, the City of Selkirk became a customer in *FLEET*'s monthly rental program, and additional business with the City may result as they continue to review and determine their vehicle replacement requirements.

- One of *FLEET*'s objectives for the past several years has been to continue pursuing opportunities to license its Keys™ fleet management system to other jurisdictions and public sector entities.

The Yukon Territory and the Mechanical Equipment Services Branch of Infrastructure and Transportation went "live" with Keys™ in April and June 2006 respectively. Emergency Measures Organization went "live" with Keys™ on April 1, 2008, using it primarily as a project management tool to control and allocate resources during actual and potential disasters. Training sessions were held for staff in each of these three situations, and support for the program by *FLEET* staff continues to be provided as required.

Financial Performance

The following financial review and analysis compare the actual results for the year ended March 31, 2008, to the projections for the same period and to the actual results for the year ended March 31, 2007. This review and analysis should be read in conjunction with *FLEET*'s financial statements for the year (pages 18 to 29) and the summarization of key elements from the earnings statements in Table 1 below.

All dollar amounts in the review and analysis are in thousands of dollars, except for amounts that are to two or four decimal places.

Table 1 *(In thousands of dollars)*	**Actual** Year ended March 31 2008	**Projected** Year ended March 31 2008	**Actual 2007/08 vs. projected 2007/08** Increase/ (decrease)	**Actual** Year ended March 31 2007	**Actual 2007/08 vs. actual 2006/07** Increase/ (decrease)
Vehicle and equipment leases	$ 34,368	$ 35,158	$ (790)	$ 32,240	$ 2,128
Gain on disposal of vehicles and equipment, net	599	716	(117)	541	58
Interest income	61	39	22	39	22
Other revenue	4,950	4,868	82	4,325	625
Total revenue	**39,978**	**40,781**	**(803)**	**37,145**	**2,833**
Salaries	2,978	3,019	(41)	2,809	169
Vehicle and equipment operating expenses	30,919	32,116	(1,197)	28,346	2,573
Administrative expenses	1,697	1,763	(66)	1,698	(1)
Community service	42	53	(11)	45	(3)
Interest expense	1,174	1,318	(144)	1,177	(3)
Total expenses	**36,810**	**38,269**	**(1,459)**	**34,075**	**2,735**
Net earnings	**$ 3,168**	**$ 2,512**	**$ 656**	**$ 3,070**	**$ 98**

Operating Results

As indicated in Table 1, *FLEET* is reporting net earnings of $3,168 for the year ended March 31, 2008, compared to a projected $2,512 and an actual $3,070 for the years ended March 31, 2008 and 2007 respectively.

- Vehicle and equipment lease revenue is $790 less than projected, but $2,128 more than its counterpart number from a year ago. Although the number of units in the fleet would appear to be decreasing (in actuality, that is not the case, as explained below in the second bullet under Financial Position), in reality both the number of units leased and the distance driven by the fleet are more than they were a year ago. Actual revenue is less than projected revenue primarily as a result of the variable rate charged per kilometre driven; although gas prices at the pumps have increased, the price per litre used in *FLEET*'s variable rates is still below the $1.10 per litre used in its Business Plan projections.

- The increases in vehicle and equipment operating expenses during the year ended March 31, 2008, compared to the actual numbers for the year ended March 31, 2007, follow the same pattern as revenues and, in many ways, are the causal factors influencing the increased revenue numbers.

- The one significant variance when actual numbers for the year ended March 31, 2008, are compared to projected is in fuel—$11,189 actual compared to $12,278 projected, for a positive variance of $1,089. Although the average price per litre for the year was $0.9760, $0.0735 cents per litre higher than the average price in 2006/07, fuel prices through March 31, 2008, reached but did not remain at the average price per litre of $1.10 used in *FLEET*'s projections for 2007/08. The price variance of $0.1240 per litre on 11,422,725 litres purchased (for managed as well as non-managed units) results in a positive variance of $1,416. That price variance is tempered slightly by a volume variance because drivers drove 2,461,000 more kilometres in the 2007/08 year than *FLEET* projected they would.

- Vehicle and equipment amortization is $506 less than projected primarily due to the reasons explained in the second bullet below under Financial Position. If the projected number of model year 2008 vehicles had been received by March 31, 2008, their amortization would have started in the third and fourth quarters of the 2007/08 year, upon their assignment to customers.

- Repairs and maintenance expenses continue to increase, partly because the fleet has more units, but mainly because the cost of repairing and maintaining vehicles is increasing in the industry at a rate above the annual inflation rate. *FLEET* management closely monitor and authorize all repairs and maintenance in advance of the work being performed.

Financial Position

- Vehicle and equipment units total 2,907 as of March 31, 2008, compared to 2,947 as of March 31, 2007. During the 2007/08 year, *FLEET* received 374 units (358 trucks, vans and sedans, eight truck attachments, five new chassis for ambulances, and three heavy duty equipment pieces) and disposed of 414 trucks, vans and sedans.

- Ordered model year 2008 vehicles are slower to arrive at *FLEET* when compared to the arrival of 2007s a year ago. Only 229 - 2008 units were received by March 31, 2008, compared to 355 - 2007 units in 2006/07. The slow arrival of 2008 units makes it look as though the number of units in the fleet has actually decreased, when such is not the case. Vehicles that were in the long term rental or seasonal program over the summer months during 2007 have been returned to *FLEET*, and many of them have already been sold at auction. They will be replaced in next year's seasonal program by older units currently coming off lease, but those units are still with departments, since their

replacement units have not yet arrived at *FLEET*. Once they do arrive, the number of units in the fleet should approximate 3,000 as of June 30, 2008.

- The carrying value of *FLEET*'s capital assets at $48,233 is $2,886 less than projected and $1,192 less than the value as of March 31, 2007. The variances primarily relate to the slow arrival of model year 2008 vehicles, as explained in the preceding bullet. The slow arrivals also primarily account for the lower than projected draw downs from Loan Act Authority during the 2007/08 year, the lower than projected long term debt as of March 31, 2008, and the lower than projected 2007/08 acquisition cost of vehicles and equipment for lease.

- Unearned revenue of $1,455 as of March 31, 2008, relates to the prepayment by departments of annual insurance billings that would otherwise be due monthly during the year.

- *FLEET*'s working capital payable position of $3,571 as of March 31, 2008, is $426 better than it was projected it would be. Many factors contribute to *FLEET*'s cash or working capital position at any given moment in time, including management's decision as to when, and how much, to draw down from Loan Act Authority.

Ratio Analysis

Table 2		March 31		
Ratio	Projected	Actual		
	2007/08 Year	**2008**	2007	2006
Return on total revenue	6.16%	**7.92%**	8.26%	7.41%
Return on average assets	4.40%	**5.81%**	5.69%	5.13%
Return on average equity	12.25%	**14.98%**	15.72%	14.26%
Debt to equity	1.74 to 1	**1.47 to 1**	1.70 to 1	1.83 to 1
Current ratio	0.36 to 1	**0.38 to 1**	0.35 to 1	0.38 to 1
Days sales in receivables	30.0 days	**28.7 days**	23.2 days	31.4 days

- The three rates of return in Table 2 for the 2007/08 year reflect the higher than projected net earnings realized during the year.

- The days sales in receivables ratio continues to reflect the good job that *FLEET*'s staff is doing in staying on top of billings and collections.

- The debt to equity ratio continues to track *FLEET*'s leverage. The decreased ratio between March 31, 2008 and 2007 is mostly the result of the relatively low number of 2008 model year vehicles received by March 31, 2008, compared to the number of 2007 model year vehicles a year ago; fewer vehicles received temporarily avoids the necessity of drawing down Loan Act Authority.

Responsibility for Financial Reporting

FLEET VEHICLES AGENCY
526 Henry Avenue
Winnipeg MB R3A 1P7
Tel (204) 945-0275 Fax (204) 957-1100

Management's Responsibility for Financial Reporting

The Fleet Vehicles Agency's (the Agency) management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations and its cash flows in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available through May 7, 2008.

Management maintains internal controls to properly safeguard the Agency's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

The Agency's financial statements have been audited by The Exchange chartered accountants LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of the Agency are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the Agency's management,

Al Franchuk
Chief Operating Officer

Albert Ogonoski
Manager, Finance

Winnipeg, Manitoba
May 7, 2008

Auditors' Report

EXG

THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority of Fleet Vehicles Agency

We have audited the balance sheet of Fleet Vehicles Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, as at March 31, 2008 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 7, 2008

Financial Statements

Statement of Earnings and Retained Earnings
Year Ended March 31, 2008
(In thousands)

		2008	2007
Revenue	Vehicle and equipment leases	**$ 34,368**	$ 32,240
	Gain on disposal of vehicles and equipment, net	**599**	541
	Interest income	**61**	39
	Other revenue (Page 29)	**4,950**	4,325
		39,978	37,145
Expenses	Salaries and wages	**2,978**	2,809
	Vehicle and equipment operating expenses (Page 29)	**30,919**	28,346
	Administrative expenses (Page 29)	**1,697**	1,698
	Community service	**42**	45
	Interest expense	**1,174**	1,177
		36,810	34,075
Net earnings		**3,168**	3,070
Retained earnings, beginning of year		**16,029**	14,459
		19,197	17,529
Revenue sharing to the Consolidated Fund		**(1,500)**	(1,500)
Retained earnings, end of year		**$ 17,697**	$ 16,029

Financial Statements

Balance Sheet
March 31, 2008
(In thousands)

		2008	2007
Assets	Current		
	Receivables (Note 3)	**$ 3,464**	$ 2,726
	Inventory (Note 2)	**206**	195
	Prepaids	**2,111**	2,158
		5,781	5,079
	Capital assets (Notes 2, 4)	**48,233**	49,425
	Severance pay benefits receivable (Note 5)	**270**	270
		$ 54,284	$ 54,774
Liabilities and equity	Current		
	Working capital payable, net of cash (Note 6)	**$ 3,571**	$ 3,507
	Accounts payables and accrued liabilities	**3,252**	2,509
	Unearned revenue	**1,455**	1,698
	Current portion of long term debt (Note 7)	**7,113**	6,974
		15,391	14,688
	Long term debt (Note 7)	**16,450**	19,334
	Severance pay liability (Note 5)	**462**	439
		32,303	34,461
	Equity		
	Contributed equity (Note 8)	**4,284**	4,284
	Retained earnings	**17,697**	16,029
		21,981	20,313
		$ 54,284	$ 54,774

Commitments (Note 9)

Financial Statements

Statement of Cash Flows
Year Ended March 31, 2008
(In thousands)

	2008	2007
Operating activities		
Net earnings	**$ 3,168**	$ 3,070
Items not affecting cash:		
Amortization	**10,237**	10,135
Gain on disposal of vehicles and equipment, net	**(599)**	(541)
Increase in severance pay liability	**42**	42
Payment of severance pay benefits	**(19)**	(54)
	12,829	12,652
Change in non-cash working capital:		
Receivables	**(738)**	583
Inventory	**(11)**	10
Prepaids	**47**	(158)
Accounts payables and accrued liabilities	**743**	(130)
Unearned revenue	**(243)**	222
Revenue sharing to the Consolidated Fund	**-**	(375)
	(202)	152
Cash flow from operating activities	**12,627**	12,804
Investing activities		
Proceeds on disposal of vehicles and equipment	**2,303**	2,115
Acquisition of vehicles and equipment for lease	**(10,591)**	(13,689)
Acquisition of equipment for operations	**(158)**	(94)
Acquisition of leasehold improvements	**-**	(4)
Cash flow used by investing activities	**(8,446)**	(11,672)
Financing activities		
Proceeds from Loan Act Authority drawdowns	**4,340**	7,060
Repayment of long term debt	**(7,085)**	(6,548)
Revenue sharing to the Consolidated Fund	**(1,500)**	(1,500)
Cash flow used by financing activities	**(4,245)**	(988)
Increase (decrease) in cash flow	**(64)**	144
Working capital payable, net of cash and cash equivalents, beginning of year	**(3,507)**	(3,651)
Working capital payable, net of cash and cash equivalents, end of year	**$ (3,571)**	$ (3,507)

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

1. Description of operations

In 1934, Fleet Vehicles was created as a branch of the Manitoba Provincial Government to provide a centralized fleet management program. It was established to achieve economies of scale and to lower overall fleet costs to government.

Effective April 1, 1992, the Fleet Vehicles branch was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the then Department of Transportation and Government Services was transferred to the Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A 1992 Management Agreement between SOAFA and the then Minister of Government Services assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

Fleet Vehicles Agency continues to be part of the Department of Infrastructure and Transportation under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Associate Deputy Minister, the Deputy Minister, and the Minister, of Infrastructure and Transportation.

Fleet Vehicles Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

Fleet Vehicles Agency is economically dependent on The Government of Manitoba, as it derives most of its revenue and all of its capital financing requirements from the Province.

2. Summary of significant accounting policies

Basis of reporting

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

2. *Summary of significant accounting policies* (continued)

New accounting policies

Effective April 1, 2007 the Agency adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Agency has not yet applied a new primary source of Canadian generally accepted accounting principles that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Agency's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Agency has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008 and did not identify any components of comprehensive income on adoption of this standard.

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Agency is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Agency has designated its financial instruments as follows:

Cash and funds on deposit, net of working capital payable, are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

Receivables are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

2. *Summary of significant accounting policies* (continued)

Accounts payable and accrued liabilities and long term debt are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The adoption of this revised standard had no material impact on the Agency's financial statements for the year ended March 31, 2008.

Future accounting policy changes

Section 3862, Financial Instruments-Disclosures and Section 3863, Financial Instruments-Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These changes in accounting policies, which will be adopted effective April 1, 2008, will require additional disclosures in the financial statements.

Section 1535, Capital Disclosures

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

This accounting policy change, which will be adopted effective April 1, 2008, will require additional disclosure in the financial statements.

Section 3031, Inventories

In June 2007, the CICA issued Section 3031, Inventories, replacing Section 3030, Inventories. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Agency will adopt the new standards for its fiscal year beginning April 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. The Agency does not expect that the adoption of this new Section will have a material impact on its financial statements.

Financial instruments

The Agency's financial instruments consist of working capital payable (net of cash), receivables, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of receivables, accounts payable and accrued liabilities approximates their carrying values due to their short term maturity.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

2. *Summary of significant accounting policies* (continued)

The fair value of the long term debt from the Province of Manitoba is not practical to determine due to the debt's underlying terms and conditions.

Cash and equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and short term investments with original maturities of six months or less. Bank borrowings are considered to be financing activities.

Inventory

Inventories are valued at the lower of cost and market value. Cost is determined on a weighted average basis.

Capital assets

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Vehicles	30%, declining balance method
Vehicles and equipment (signed lease agreement)	straight-line over term of lease
Office and shop equipment	20%, declining balance method
Computer software and equipment	20%, straight-line method
Leasehold improvements	10%, straight-line method

Pension benefits

Employees of Fleet Vehicles Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the provincial government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred the pension liability for its employees to the Province. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for the year ended March 31, 2008, was $115 (2007: $126). Under this agreement, the Agency has no further pension liability.

Revenue recognition

Fixed rate lease revenue is recognized on a straight-line basis over the term of the lease. Variable rate lease revenue is recognized monthly based on equipment usage. Service revenue is recognized when the services have been performed.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

3. Receivables

	2008	2007
Trade	$ 1,842	$ 1,099
Accrued trade	1,167	1,161
Insurance rebate receivable	455	466
	$ 3,464	$ 2,726

4. Capital assets

	2008		2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Vehicles and equipment for lease	$ 90,631	$ 42,897	$ 90,417	$ 41,479
Office and shop equipment	1,414	1,095	1,341	1,082
Leasehold improvements	707	527	707	479
	$ 92,752	$ 44,519	$ 92,465	$ 43,040
Net book value	$ 48,233		$ 49,425	

5. Severance pay liability

Effective April 1, 1998, the Agency commenced recording accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of 15 years, by the weekly salary at date of retirement, provided the employee has reached nine years of service and retires from the Agency. Effective April 2000, there is also additional severance pay for employees with 20 or more years of accumulated service. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. That responsibility is currently reflected by a $194 receivable from the Province for the employees at the Agency as of March 31, 1998, together with a $76 receivable from the Province for the employees at Radio Services as of March 31, 2003, who are also now with the Agency.

The receivable from the Province will only be collected, in whole or in part, in the event there is a cash shortfall in the Agency. It is probable, therefore, that collection will only occur on the dissolution of the Agency.

An actuarial valuation report was completed for the severance pay liability as of December 31, 2004. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's liability is recalculated annually, with payments to retiring employees no longer with the Agency or the Province charged against the liability. The Agency's actuarially determined net liability for accounting purposes as of March 31, 2008, was $462 (2007: $439).

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

6. Working capital payable

The Agency has an authorized line of working capital advances of $4,000, $3,683 of which was used as of March 31, 2008 (2007: $3,550).

7. Long term debt

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed in this Note on behalf of Fleet Vehicles Agency.

Loan Act Authority long te[illegible] is repayable in semi-annual instalments of principal and interest, as follows:

Interest Rate	Instalment Amount	Maturity Date	2008	2007
4.25%	179	September 30, 2007	$ -	$ 176
4.75%	397	March 31, 2008	-	767
6.425%	146	March 31, 2009	**278**	540
3.625%	149	March 31, 2009	**291**	571
3.5%	259	March 31, 2009	**504**	991
5.25%	159	September 30, 2009	**454**	738
5.625%	134	September 30, 2009	**381**	618
4.125%	56	September 30, 2009	**161**	263
4%	167	March 31, 2010	**636**	935
4.375%	438	March 31, 2010	**1,662**	2,440
5.125%	123	September 30, 2010	**568**	776
4.75%	227	March 31, 2011	**1,256**	1,637
4.75%	451	March 31, 2011	**2,494**	3,250
4.875%	137	September 30, 2011	**870**	1,093
4.75%	102	September 30, 2001	**652**	819
4.625%	475	March 31, 2012	**3,435**	4,200
4.75%	137	September 30, 2012	**1,095**	1,308
5%	142	September 30, 2012	**1,129**	-
4%	345	March 31, 2013	**3,100**	-
4.05%	140	September 30, 2013	**1,370**	1,589
4.875%	148	March 31, 2015	**1,732**	1,935
4.125%	117	September 30, 2015	**1,495**	1,662
Total principal owing as of March 31			**23,563**	26,308
Amount due within one year			**7,113**	6,974
			$ 16,450	$ 19,334

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

7. Long term debt (continued)

Unused loan authority of $1,240 was available as of March 31, 2007. An additional $8,000 of loan authority availability was approved during October 2007 in The Loan Act, 2007. Of the $9,240 in available loan authority, $4,340 was drawn down at various times during the 2007/08 year, leaving $4,900 of loan authority availability as of March 31, 2008.

As of March 31, 2008, principal repayments in each of the next five years are as follows:

2009	$ 7,113
2010	5,972
2011	4,544
2012	3,019
2013	1,672

8. Contributed equity

The Special Operating Agencies Financing Authority (SOAFA) and The Government of Manitoba entered into a Transfer Agreement in connection with the transfer from the Government to SOAFA of assets valued at $12,353 required for the continuing operations of Fleet Vehicles Agency as of March 31, 1992. The Agency has repaid the debt portion in the amount of $8,235 (2/3 of the value of the assets) and has recorded the balance of $4,118 (1/3 of the value of the assets) as the Government's equity in SOAFA relating to the Agency's operations.

The Agency's contributed equity was increased by $166 as of April 1, 2003, with the transfer of the net assets of Radio Services to the Agency.

9. Commitments

(a) Pursuant to a Memorandum of Understanding dated May 31, 1996, the Agency entered into a lease agreement with The Government of Manitoba for the rental of the facilities at 626 Henry Avenue, Winnipeg, Manitoba. Occupancy charges for each fiscal year including 2008/09 are established annually based on the approved budget for the Department of Infrastructure and Transportation. Occupancy charges for 2008/09 are estimated at $440 for the year, to be paid in quarterly instalments during 2008/09.

(b) The Agency's approved 2008/09 Business Plan calls for $1,500 in revenue sharing to be paid in quarterly instalments to the Consolidated Fund during 2008/09.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2008
(In thousands)

10. Requirements of The Public Sector Compensation Disclosure Act

Pursuant to Section 2(1) of the Act, the following employees of Fleet Vehicles Agency received compensation, directly or indirectly, of $50 or more in the fiscal year ended March 31:

		2008	2007
Reginald Batenchuk	Automotive Equipment Mechanic	$ 52	$ -
Kathryn Bernhardt	Manager, Support Services	60	58
Neil Bogen	Automotive Equipment Mechanic	52	-
Derek Boutang	Systems Analyst	-	88
Andy Chartrand	Environment and Program Analyst	58	53
Donald Chesney	Manager, Fleet	72	70
Dennis Ducharme	Chief Operating Officer	-	125
Al Franchuk	Chief Operating Officer	81	-
Janessa Friedrich	Programmer Analyst	51	-
Grant Fraser	Mechanical Shop Supervisor	62	55
Barbara Funk	Payables Supervisor	-	68
Richard Heck	Systems Analyst	64	61
Jordan Janisse	Systems Supervisor	-	78
Kevin Kilbrei	Manager, Marketing	68	60
David Kroeker	Systems Supervisor	77	65
Vladimair Lachowsky	Radio Services Technician	54	55
Keith Leganchuk	Radio Services Technician	60	55
Robert Nolin	Body Shop Supervisor	56	52
Albert Ogonoski	Manager, Finance	69	67
Grant Recknell	Radio Services Supervisor	58	59
William Reynolds	Manager, Strategic Planning	68	66
Sean Savage	Automotive Equipment Mechanic	52	-
Guy Sinclair	Manager, Operations	85	82

11. Comparative figures

The prior year comparative figures were audited by another firm of chartered accountants.

12. Subsequent event

On May 12, 2008, it was announced that it is the intention to amalgamate the Agency and the Mechanical Equipment Services Branch of the Department of Infrastructure and Transportation into a new Special Operating Agency as of April 1, 2009.

Financial Statements

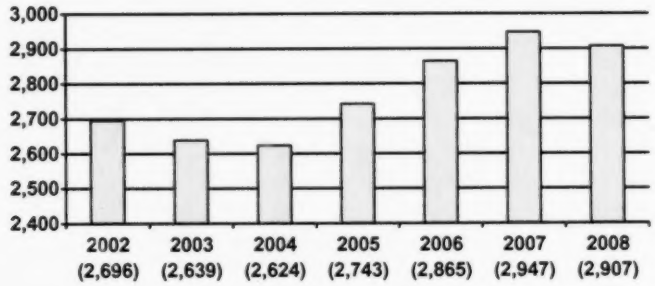
Schedule of Other Revenue and Expenses
Year Ended March 31, 2008
(In thousands)

		2008	2007
Other revenue	Autopac service	**$ 631**	$ 518
	Garage regular service	**538**	607
	Insurance premium rebates	**993**	959
	Other, including fuel billings for managed vehicles that are not owned	**1,069**	798
	Radio Services	**1,719**	1,443
		$ 4,950	$ 4,325
Vehicle and equipment operating expenses	Amortization	**$ 10,102**	$ 9,962
	Fuel	**11,189**	9,608
	Insurance premiums	**3,955**	3,792
	Licenses	**132**	132
	Repairs and maintenance	**5,541**	4,852
		$ 30,919	$ 28,346
Administrative expenses	Amortization	**$ 135**	$ 173
	Fleet management information system	**181**	174
	Human resource overhead	**604**	588
	Occupancy costs	**480**	492
	Other costs	**160**	148
	Professional fees	**16**	22
	SOAFA charges	**4**	3
	Supplies and materials	**70**	50
	Telephone and communication	**47**	48
		$ 1,697	$ 1,698

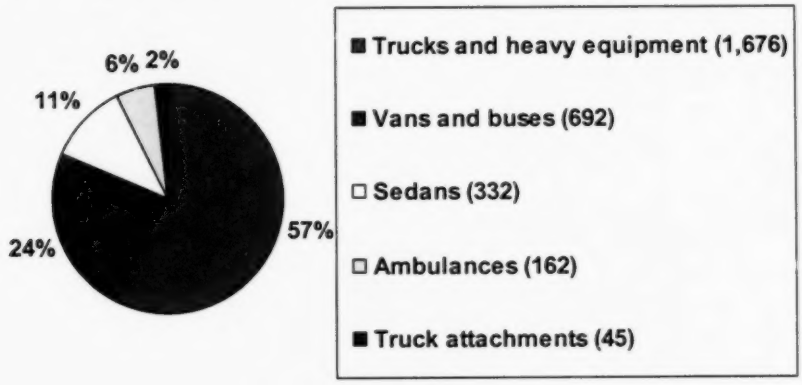
FLEET Facts

Year Ended March 31	Projected 2007/08	**Actual 2007/08**	Actual 2006/07
Distance			
Total kilometres driven (000s)	58,950	**61,411**	58,604
Revenue			
Total lease revenue (000s)	$ 35,158	**$ 34,368**	$ 32,240
All other revenue (000s)	$ 5,623	**$ 5,610**	$ 4,905
Total revenue (000s)	$ 40,781	**$ 39,978**	$ 37,145
Average lease rate per kilometre	$ 0.5964	**$ 0.5596**	$ 0.5501
Fleet Composition			
Trucks, vans and sedans - full fleet management services	2,453	**2,381**	2,432
Trucks, vans and sedans - dry (no fleet management services)	300	**319**	321
Ambulances – full fleet management services	160	**162**	157
Chassis attachments	30	**45**	37
Number of units in the fleet	2,943	**2,907**	2,947
Acquisitions – Vehicles and equipment, other than ambulances	461	**369**	433
Acquisitions - Ambulances	0	**5**	21
Average acquisition cost - Trucks, vans and sedans (000s)	$ 27.8	**$ 28.0**	$ 26.9
Average acquisition cost - Ambulances (000s)	N/A	**$ 52.5**	$ 97.1
Disposals - Trucks, vans, sedans and ambulances	436	**414**	372
Average disposal proceeds (000s)	$ 5.4	**$ 5.6**	$ 5.7
Gain on disposal of vehicles and equipment (000s)	$ 716	**$ 599**	$ 541
Average vehicle age (in years)	3.8	**3.8**	3.7
Fuel Consumption			
Litres for full fleet management services vehicles (000s)	10,562	**10,505**	9,970
Price per litre	$ 1.10	**$ 0.9760**	$ 0.9025
Litres consumed per 100 kilometres	17.92	**17.11**	17.01

Vehicles and Related Equipment as of March 31 *(in units)*

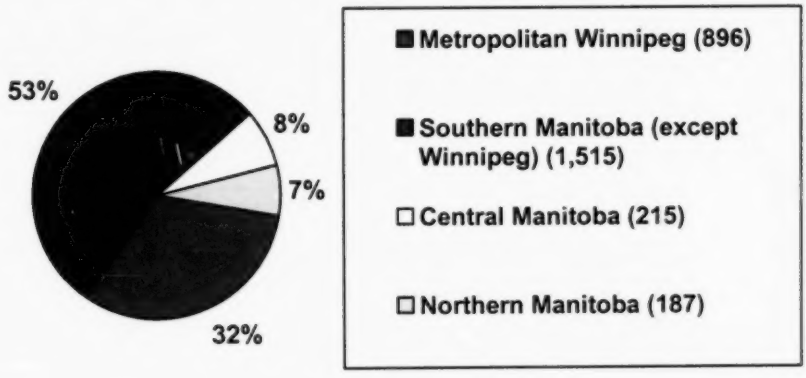


Vehicle and Equipment Type as of March 31, 2008 *(in units)*

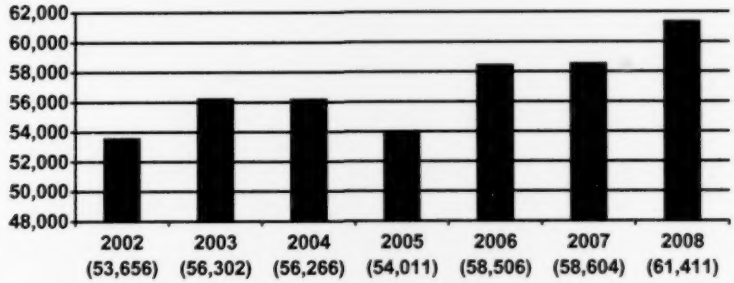


Distribution of Vehicles as of March 31, 2008 *(as designated by MPI regions)*

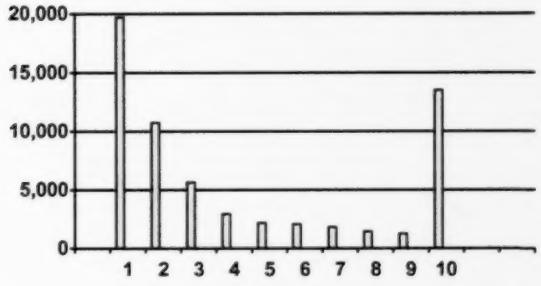
(46 vehicles awaiting registration/assignment, and 45 truck attachments and three heavy equipment units not requiring registration with MPI, are excluded from these numbers)



Fleet Distance for the Year Ended March 31 *(in thousands of kilometres)*



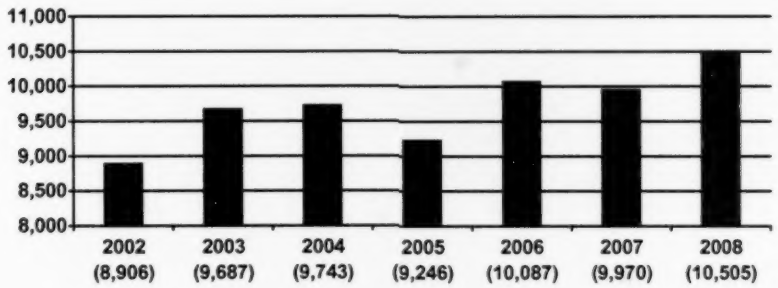
Distance by Department in 2007/08
(in thousands of kilometres)



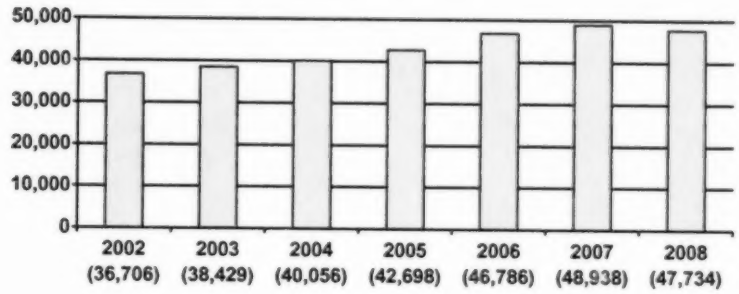
Distance by Department Legend
(in thousands of kilometres)

1.	Infrastructure and Transportation	19,737
2.	Conservation	10,747
3.	Health – Emergency Services	5,633
4.	Justice	2,960
5.	Family Services and Housing	2,194
6.	Manitoba Lotteries Corporation	2,075
7.	Agriculture, Food and Rural Initiatives	1,831
8.	Water Stewardship	1,466
9.	Intergovernmental Affairs and Trade	1,277
10.	Others (86 other customers)	13,491
	Total distance in 2007/08	61,411

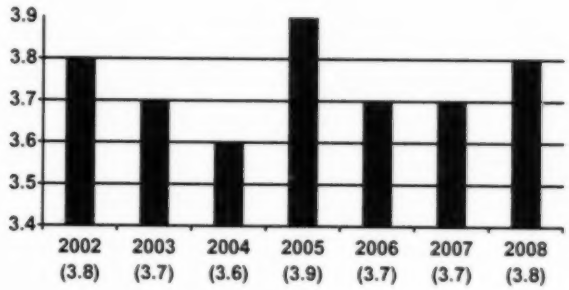
Fuel Consumption for Full Fleet Management Services Vehicles *(in thousands of litres)*



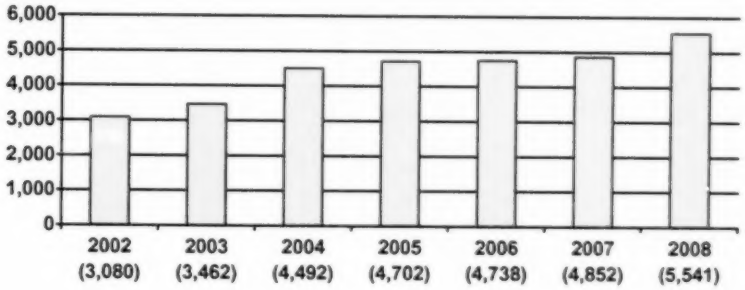
Carrying Value of Vehicles and Equipment for Lease (Cost less Accumulated Amortization) as of March 31 *(in thousands of dollars)*



Average Vehicle Age *(in years)*



Vehicle and Equipment Repairs and Maintenance Costs *(in thousands of dollars)*
(including Radio Services parts and repairs starting in 2004)



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FLEET's vision is to provide all vehicle and equipment management services to the broader public sector.

FLEET holds the Keys™ to vehicle and equipment management in your programs.

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